

# Senate Select Committee on Superannuation and Financial Services

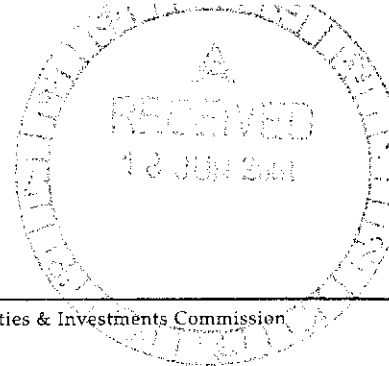
## Main Inquiry Reference (a)

### Submission No. 215

(Supplementary to Submission Nos. 116 & 198)

**Submittor:** Australian Securities & Investments  
Commission (ASIC)  
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13 June 2001

**ASIC**

Australian Securities & Investments Commission

Senator John Watson  
Chair  
Senate Select Committee on Superannuation  
and Financial Services  
The Senate  
Parliament House  
CANBERRA ACT 2600

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Dear Senator Watson,

**Re: Committee Inquiry into HIH**

At the Committee hearing on 12<sup>th</sup> June 2001 I indicated that a preliminary search of ASIC's records in respect of ASX referrals connected with HIH/FAI had revealed only one referral pre-1998. I also indicated that we would be undertaking additional record searches to reconcile the ASX's statement that a 'handful' of such referrals had been made.

The ASX has now provided details of the pre 1998 matters referred to in their submission. We have been able to identify some (but not all) of those matters, some of which date back more than 10 years. None of the matters is indexed in our system recording ASX referrals under 'FAI' which is why our original interrogation did not disclose them.

I am advised that the matters have no apparent connection with the 1998 acquisition of FAI by HIH or to the subsequent collapse of HIH which is the subject of your Committee's enquiry. If any additional information comes to hand which alters that assessment I will, of course, advise you.

In the meantime, you will appreciate that ASX referrals to ASIC are made on the basis of 'suspect' activity, usually unsubstantiated by admissible evidence. ASIC then initiates enquiries to determine whether such evidence is available to support enforcement action. In many cases it is not. For that reason, referrals remain confidential in order to protect the rights of persons involved until and unless legal action is initiated. There are important public policy reasons why that confidentiality should be observed, including in the current case.

Yours faithfully,

DAVID KNOTT  
Chairman

DK/ch